



**Black Hills
Electric Cooperative, Inc.**

P.O. Box 792
Custer, South Dakota 57730-0792

RECEIVED

AUG 30 2006

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Telephone: (605) 673-4461

Toll Free: (800) 742-0085

E-mail: bhec@bhec.coop

August 30, 2006

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre SD 57501-5070

**Re: Request for Approval of an Electric Service Territory Agreement Jointly
Submitted by Black Hills Electric Cooperative, Inc and Black Hills Power, Inc.**

Dear Ms. Van Gerpen:

Black Hills Electric Cooperative, Inc. (BHEC) and Black Hills Power, Inc. (BHP) are submitting a joint request to the South Dakota Public Utilities Commission to consider approval for relocation of an electric service territory line located in Section 19, Township 4N, Range 3E, Black Hills Meridian, Lawrence County, South Dakota. The reasons for the request are as follows:

- To provide the property owner, Jerikodic, Inc., Mr. Gerald M. Aberle, President, with cost savings for power line extension to his proposed development by enabling him to jointly use trenching for other utilities as a location for electrical service.
- The existing service territory line bisects the proposed development. Approximately 30 lots of the development would be in BHP's service territory, and approximately 6 lots would be located within BHEC's service territory. Approximately four lots would have portions falling within the service territories of both BHP and BHEC.
- To eliminate duplication of service within a small development. BHP must extend through the small portion of the development in BHEC's service territory in order to serve the bulk of the load in its own territory. BHEC would have to extend into lots where BHP had distribution facilities.

Dan Hutt, General Manager and Executive Vice President of BHEC, and Rob Usera, Construction Representative Supervisor of BHP have reviewed several alternatives and are jointly submitting a request for the Commission to consider relocation of the electric service territory line in the affected area. Key components of the proposal:

- No existing customers are impacted by the proposal.
- No existing electrical facilities are impacted by the proposal.
- Mr. Aberle has been involved in our discussion and concurs with the recommendation as proposed. A letter of concurrence from Mr. Aberle is attached.



- Under the proposal BHEC would lose approximately 6 customers and BHP would gain approximately 6 customers. In consideration of the gain in customers, BHP agrees to grant to BHEC before January 1, 2011 service territory rights to a similar load requiring a similar investment as would have been required of BHEC to serve the approximately six customers BHP is gaining relative to the Jerikodie, Inc. property.

We have attached the following information for your review:

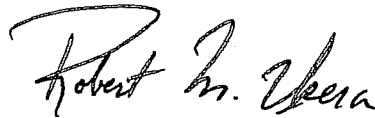
- Exhibit 1.1: Location and description of the existing electric service territory line
- Exhibit 1.2: Drawing of the existing electric service territory line
- Exhibit 2.1: Location and description of the proposed electric service territory line
- Exhibit 2.2: Drawing of the proposed electric service territory line
- Exhibit 3: A letter of concurrence from the owner of the property

If you require additional information or have questions, please do not hesitate to contact us. Also please advise us as to what we can expect for a timeline moving forward. Thank you for your consideration of this request.

Sincerely,



Daniel E. Hutt
General Manager and Executive V.P.
Black Hills Electric Cooperative, Inc.



Rob Usera
Construction Representative Supervisor
Black Hills Power, Inc.

Cc: Martin Bettmann, Staff Engineer, South Dakota Public Utilities Commission

Enclosures:

RECEIVED

AUG 30 2006

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Exhibit 1.1:

**Existing Territorial Boundary between
Black Hills Electric Cooperative and Black Hills Power**

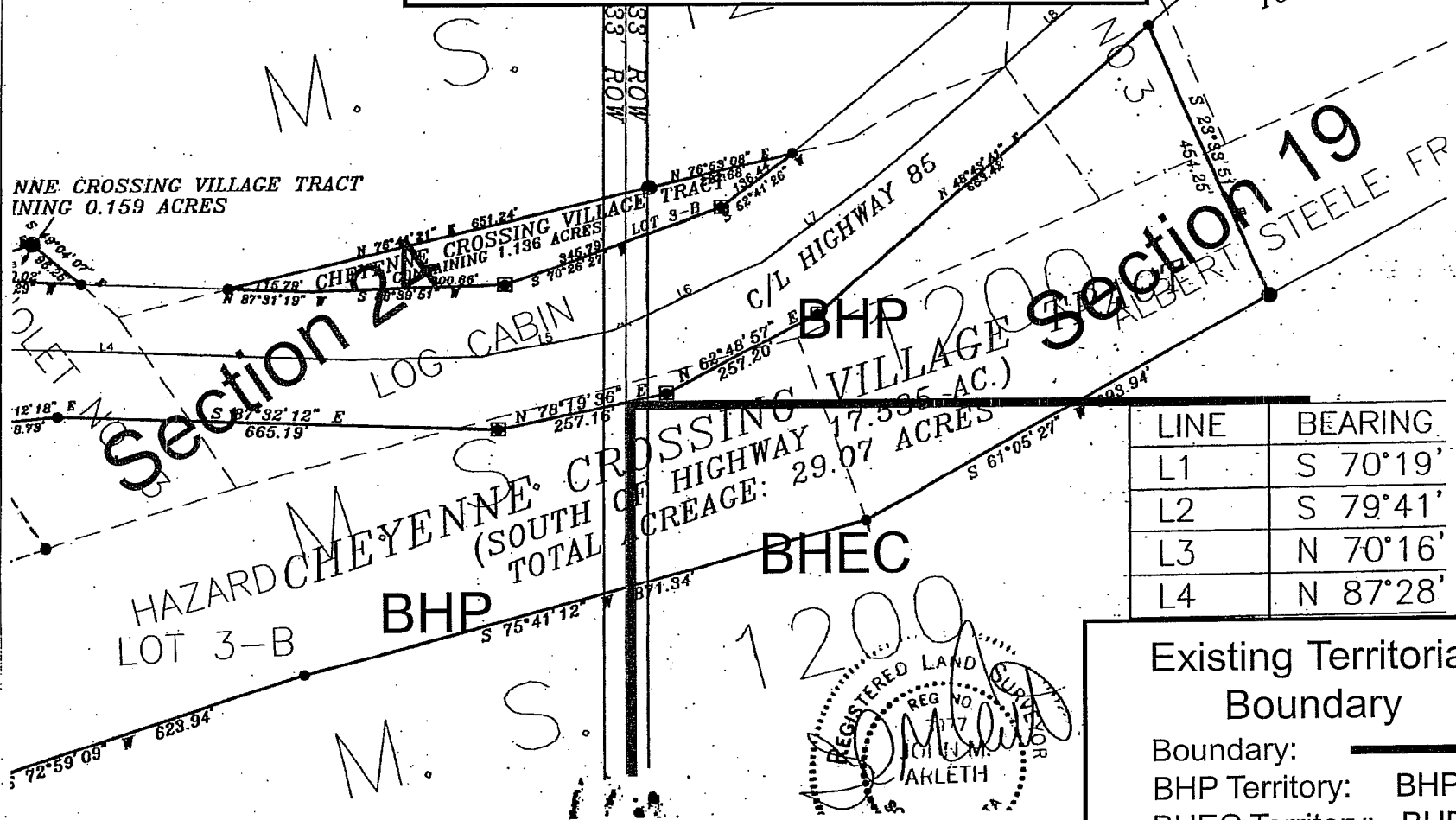
Beginning at the intersection of Highway 85/14A and the west section line of Section 19, Township 4N, Range 3E, Black Hills Meridian, Lawrence County, South Dakota and extending east approximately 700 feet.

Exhibit 2.1:

**Proposed Territorial Boundary between
Black Hills Electric Cooperative and Black Hills Power**

Beginning at the west section line of Section 19, Township 4 North, Range 3 East, Black Hills Meridian, Lawrence County, South Dakota where said section line intersects the south boundary of Cheyenne Crossing Village Tract approximately 280 feet south of the intersection of the said section line with U.S. Highway 85/14A, and extending N 75° 41' 12" E along the south boundary of said tract approximately 370 feet to a corner of said tract and thence N 61° 05' 27" E approximately 390 feet to the intersection of the existing territorial line and the south boundary of said tract and then continuing east on the existing territorial line.

Exhibit 1.2: Existing Service Territory

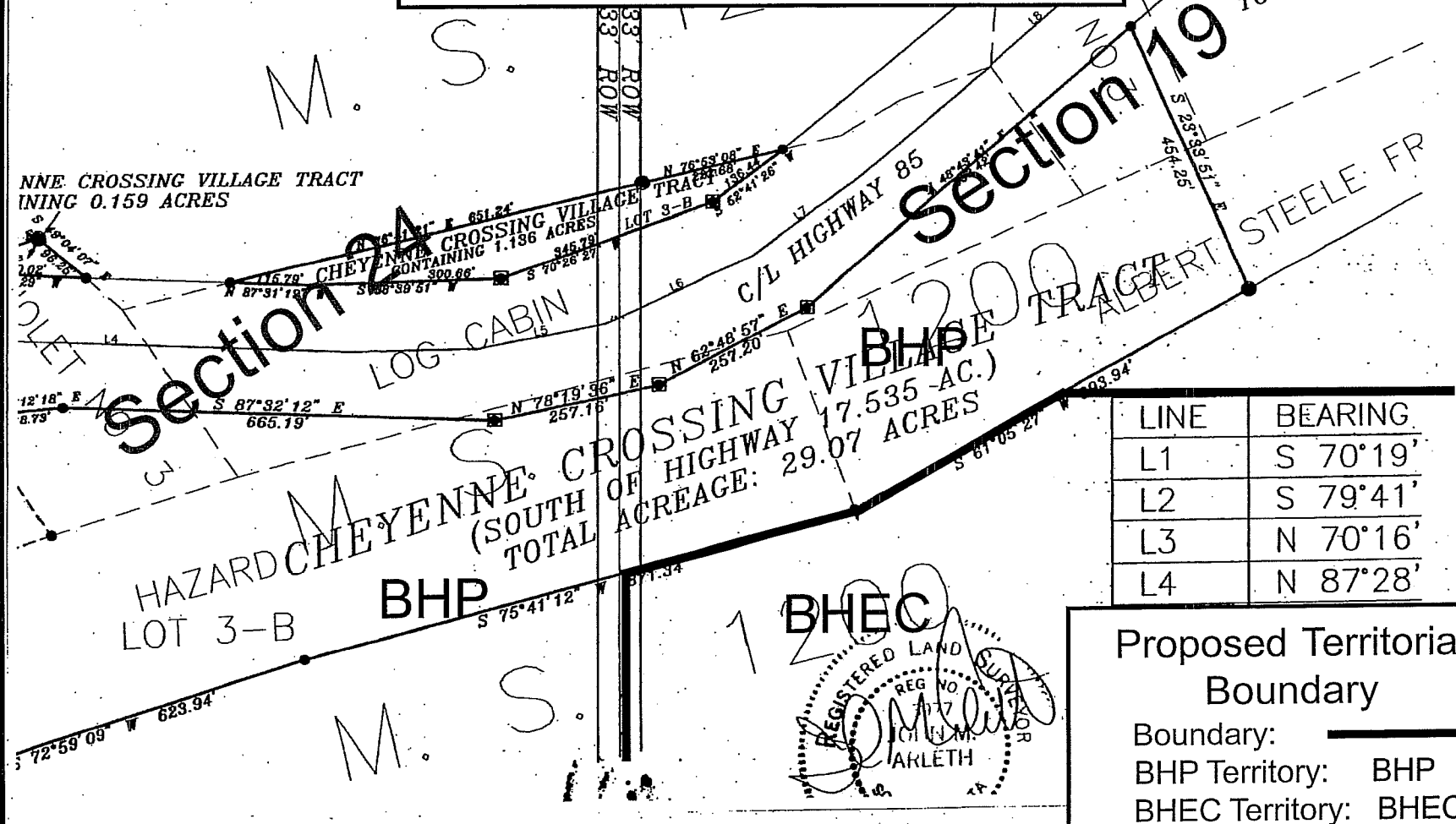


LINE	BEARING
L1	S 70°19'
L2	S 79°41'
L3	N 70°16'
L4	N 87°28'

Existing Territorial Boundary

Boundary: _____
 BHP Territory: BHP
 BHEC Territory: BHEC

Exhibit 2.2: Proposed Service Territory



August 15, 2006

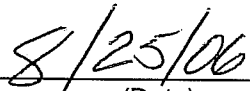
Dan Hutt
Black Hills Electric Cooperative
PO Box 792
Custer SD 57730-0792

Dear Mr. Hutt,

I hereby give consent for the transfer of the following property from the service territory of Black Hills Electric Cooperative to the service territory of Black Hills Power:

***Cheyenne Crossing Village Tract in Section 19, T4N, R3E, Black Hills Meridian,
Lawrence County, South Dakota***


(Signature)


(Date)

Mr. Gerald M. Aberle, President
Jerikodie, Inc.
P.O. Box 568
Lead SD 57754

Cc: Rob Usera, Black Hills Power

AUG 29 2006